

Thank you for the opportunity to speak today on behalf of small business in the Metro area, and State of Oregon.

The North Clackamas County Chamber of Commerce represents over 600 member accounts with over 26,500 employees in the North Clackamas area.

Our main goal as a Chamber of Commerce is to ensure a strong local economy. Almost 70 percent of our membership, similar to many business associations in Oregon, is small businesses, with less than 25 employees. Only seven percent of our members have 500 or more employees.

There are many factors that, working in synergy, assist in the development of a strong local economy. As the backbone of the economy, small business plays an integral role in that development. But, as small business struggles to meet the demands of today's world of competition, technology, shortages of qualified labor pools and financing, the dangers to all aspects of our communities grows greater. It's difficult for business to flourish while dealing with all those factors, and almost impossible if any one of them overrides the others. Without access to capital, to meet payroll, purchase raw materials, or for a new warehouse where more jobs would be created, new or expanded office, or something as seemingly simple as a new or enhanced telephone system, small business withers, and, in turn, the local economy struggles more. The system falls apart.

This is a time when stepping up both the borrowing process and the opportunities are needed. With the rewriting of the Small Business Administration Authorization Bill there is opportunity to redefine lending procedures while also seeking innovative ways for business to access funds they need. A business person should not have to max out their personal credit card to be able to run their business successfully, nor use their life savings to expand a successful product line.

Lending institutions need more ability to provide loans with an assurance that their repayment is secure. The Small Business Administration (SBA) loan program through America's Recovery Capital (ARC) program is an example of how to achieve the goal of financing business. But, does it do enough and will it be in place long enough to make a difference?

According to a recent article by Mark E. Battersby in the Costco Connection, these loans give small business some temporary relief. The loan amounts are only up to \$35,000 and are meant for short-term relief. And, they are not for start-ups, but rather, for those with immediate financial concerns.

There are state programs in Oregon; the Capital Access Program, Business Retention Program, Business Development Fund and others, but do they provide enough access and target the right businesses? Now is a time when your research on the Federal levels can also assist programs and decisions made at the state and local levels.

According to USA Today, four in 10 small business owners are still not able to get the financing they need to run their businesses. That's a marked increase over nine months ago. Banks have not yet loosened the strings on loans, even when backed by SBA or state programs.

In our Chamber alone I can tell you of a Transit Oriented Development, providing housing for the new breed of commuter who will take public transit to job sites, that almost wasn't constructed because of the lack of financing. After months of exhaustive efforts, for a program fully approved and partially financed by state funds for transit development, this company was able to find out of state bank financing to secure this project. This one project will mean development and construction jobs, housing, a new way of life for dozens of residents and future residents, while it also helps meet our state and federal guidelines for reduction of emissions.

Another business, a health club, finally found financing for an expansion of their facility; adding new opportunities for healthier lifestyle for residents of unincorporated Clackamas County.

There's the cheesecake baker who uses her home kitchen to turn out hundreds of the most incredible cakes, and is currently unable to get financing to open her store front shop.

From manufacturers and ware-housers, who want to expand, add machinery, add jobs, add technology to the silk-screener and the life style coach who want something other than a home based business, there is a need for additional financing opportunities.

Too many of our businesses are supporting their livelihood by maximizing their credit cards, paying large payments with exorbitant interest rates and facing declining lines of credit. Not enough banks are yet willing to make loans to small business or even maintain lines of credit and loan agreements.

Dr. Thomas G. Jones, professor at Marylhurst University and Clackamas Community College, instructor for the Clackamas Small Business Development Center, and noted futurist, says "Small business is a vital cog in the economic engine of the United States economy and a vibrant source of innovation. But it is much more than that. For millions of Americans, their small business feeds the soul, energizes the intellect, and pays the rent. But even beyond those satisfying elements, small business provides a canvas for self-expression and a harbor of humanity in an increasingly automated and impersonal world."

However, Jones also goes on to say, based on his research and abilities to understand the dynamics of small business, "This will be the first time in economic history that small business is **not leading** us out of a recession, primarily due to its lack of access to financing and the lack of relief for toxic assets for small business."

On average, each small business has sixteen other small businesses they deal with. When one business fails the dominos continue to fall, to depths we cannot imagine. When one

business lays off ten people their loss of income is magnified tens of hundreds of times over. Dr Jones notes, “While the global economy is in trouble the global village must endure.” A strong local economy must focus on all aspects of business, not just jobs, but all ways in which business interacts with each other to be successful.

I submit to you Congressman Schrader, we cannot permit failure to happen. We cannot permit the spiral of loss. Congress has an opportunity now to write the future differently, and I urge you to take a lead in crafting a small business financing plan that provides opportunity for all and access to those who need it. Let’s let small business lead us.